



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

April 21, 1986

■ SUBJECT: Voluntary Escrow of Real Estate Taxes
and Insurance for RH Loan Accounts

TO: All State Directors, District Directors and
County Supervisors

Purpose/Intended Outcome:

To encourage borrowers to systematically set aside funds monthly to assure timely payment of real estate taxes and hazard insurance.

Implementation Responsibilities:

The Housing Act of 1983 requires FmHA to escrow for taxes and insurance if requested by the borrower. When implemented, the Automatic Program Delivery System (APDS) will have this capability. In the interim, borrowers, both before the loan is closed and during regular servicing contacts, will be counselled to establish a reserve account for this purpose. Borrowers should be encouraged to use interest bearing accounts and/or accounts that do not assess service charges. Supervised bank accounts will not be used. Any additional requested assistance will be provided such as help in determining the approximate amount needed to be deposited in the account each month to maintain an adequate reserve account.

VANCE L. CLARK
Administrator

EXPIRATION DATE: April 30, 1987

FILING INSTRUCTIONS: Preceding FmHA
Instruction 1965-C

